

# EXHIBIT E

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549****FORM 10-Q****QUARTERLY REPORT PURSUANT TO  
SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934****For the quarterly period ended March 31, 2007****Commission File Number 0-22999****Tarragon Corporation**

(Exact name of registrant as specified in its charter)

Nevada	94-2432628
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
423 West 55th Street, 12th Floor, New York, NY (Address of principal executive offices)	10019 (Zip Code)

Registrant's telephone number, including area code (212) 949-5000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes

No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

 Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

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**TARRAGON CORPORATION**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**(Unaudited)**  
**(Dollars in Thousands, Except Per Share Data)**

	For the Three Months Ended March 31,	
	2007	2006
<b>Revenue</b>		
Homebuilding sales	\$ 123,825	\$ 89,190
Rental and other (including \$39 in 2007 and \$7 in 2006 from affiliates)	<u>26,570</u>	<u>25,016</u>
	<u>150,395</u>	<u>114,206</u>
 <b>Expenses</b>		
Costs of homebuilding sales (including interest of \$6.2 million in 2007 and \$3 million in 2006; impairment charges of \$4.4 million in 2007 and none in 2006; and development salaries, marketing, and selling costs of \$5.7 million in 2007 and \$3.3 million in 2006)	116,282	66,095
Property operations	13,209	12,315
Depreciation	5,456	3,510
General and administrative		
Corporate	5,533	5,296
Property	<u>1,574</u>	<u>1,297</u>
	<u>142,054</u>	<u>88,513</u>
 <b>Other income and expenses</b>		
Equity in income of partnerships and joint ventures	291	2,061
Minority interests in income of consolidated partnerships and joint ventures	(668)	(283)
Interest income (including \$90 in 2007 from affiliates)	180	193
Interest expense (including \$293 in 2007 and \$27 in 2006 to affiliates)	(16,772)	(7,689)
Gain on sale of real estate	398	—
Loss on extinguishment of debt	(1,422)	(1,808)
Income (loss) from continuing operations before income taxes	(9,652)	18,167
Income tax (expense) benefit	<u>5,232</u>	<u>(6,813)</u>
Income (loss) from continuing operations	<u>(4,420)</u>	<u>11,354</u>
Discontinued operations, net of income taxes of (\$109,000) in 2007 and \$4.3 million in 2006		
Income (loss) from operations	175	(218)
Gain on sale of real estate	—	7,338
Net income (loss)	(4,245)	18,474
Dividends on cumulative preferred stock	(376)	(207)
Net income (loss) allocable to common stockholders	<u>\$ (4,621)</u>	<u>\$ 18,267</u>
 <b>Earnings per common share -- basic</b>		
Income (loss) from continuing operations allocable to common stockholders	\$ (.17)	\$ .39
Discontinued operations	.01	.25
Net income (loss) allocable to common stockholders	<u>\$ (.16)</u>	<u>\$ .64</u>

Earnings per common share – assuming dilution		
Income (loss) from continuing operations allocable to common stockholders	\$ (.17)	\$ .36
Discontinued operations	<u>.01</u>	<u>.22</u>
Net income (loss) allocable to common stockholders	<u><u>\$ (.16)</u></u>	<u><u>\$ .58</u></u>

The accompanying notes are an integral part of these Consolidated Financial Statements.